

AUDITING PROCEDURES REPORT

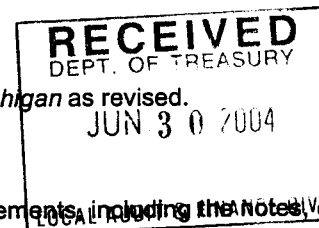
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Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF MECOSTA	County MECOSTA
Audit Date MARCH 31, 2004	Opinion Date MAY 20, 2004	Date Accountant Report Submitted to State: June 8, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, P.C.			
Street Address 211 MAPLE STREET	City BIG RAPIDS	State MI	ZIP 49307
Accountant Signature <i>Terry D Kirkpatrick</i> CPA 6-7-04			

VILLAGE OF MECOSTA
MECOSTA COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2004

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TERRY KIRKPATRICK, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

May 20, 2004

To the Honorable President and Council Members of the
Village of Mecosta, Mecosta County, Michigan:

We have audited the general purpose financial statements of the Village of Mecosta, Mecosta County, Michigan as of and for the year ended March 31, 2004, as listed on the contents page. These general purpose financial statements are the responsibility of management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The scope of our audit did not include verification of the fund balances at April 1, 2003.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the validity of beginning fund balances, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Mecosta, Mecosta County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial data, as listed on the contents page, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Mecosta, Mecosta County, Michigan. This additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Terry Kirkpatrick, CPA, P.C.

Village of Mecosta – Mecosta County, Michigan
Combined Balance Sheet – All Fund Types and Account Groups
March 31, 2004

	<u>Governmental</u> <u>Fund Types</u>		<u>Account</u> <u>Group</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>General</u> <u>Fixed Assets</u>	<u>(Memorandum</u> <u>Only)</u>
ASSETS				
Cash in Bank	\$ 179,560	\$ 277,973	\$ 0	\$ 457,533
Delinquent Tax - Personal	770	0	0	770
Land	0	0	6,410	6,410
Land Improvements	0	0	1,752	1,752
Buildings	0	0	33,440	33,440
Furniture and Equipment	0	0	38,466	38,466
Total assets	<u>\$ 180,330</u>	<u>\$ 277,973</u>	<u>\$ 80,068</u>	<u>\$ 538,371</u>
LIABILITIES AND FUND EQUITY				
Payroll W/H Payable	\$ 598	\$ 0	\$ 0	\$ 598
Investment in General Fixed Assets	0	0	80,068	80,068
Fund Balance	179,732	277,973	0	457,705
Total liabilities and fund equity	<u>\$ 180,330</u>	<u>\$ 277,973</u>	<u>\$ 80,068</u>	<u>\$ 538,371</u>

The "Notes to Financial Statements" are an integral part of these statements.

Village of Mecosta – Mecosta County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types
For the Year Ended March 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUES			
Taxes	\$ 25,907	\$ 0	\$ 25,907
State Grants	39,406	46,228	85,634
Charges for Sales	2,750	0	2,750
Interest and Rents	2,408	2,934	5,342
Other Revenues	2,317	0	2,317
Total revenues	<u>72,788</u>	<u>49,162</u>	<u>121,950</u>
EXPENDITURES			
Legislative	8,480	0	8,480
General Government	37,509	0	37,509
Public Safety	4,661	0	4,661
Public Works	8,702	34,484	43,186
Recreation and Cultural	6,382	0	6,382
Other Functions	11,340	0	11,340
Total expenditures	<u>77,074</u>	<u>34,484</u>	<u>111,558</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,286)	14,678	10,392
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	4,500	0	4,500
Operating Transfers Out	0	(4,500)	(4,500)
Total other financing sources (uses)	<u>4,500</u>	<u>(4,500)</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	214	10,178	10,392
FUND BALANCE - April 1, 2003	179,518	267,795	447,313
FUND BALANCE - March 31, 2004	\$ 179,732	\$ 277,973	\$ 457,705

The "Notes to Financial Statements" are an integral part of these statements.

Village of Mecosta – Mecosta County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - All Governmental Fund Types
For the Year Ended March 31, 2004

	<u>General Fund</u>		<u>Variance</u> Favorable (Unfavorable)		<u>Special Revenue Funds</u>		<u>Variance</u> Favorable (Unfavorable)	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES								
Taxes	\$ 24,000	\$ 25,907	\$ 1,907	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Grants	39,000	39,406	406		35,000	46,228	11,228	
Charges for Sales	2,500	2,750	250		0	0	0	
Interest and Rents	3,000	2,408	(592)		3,500	2,934	(566)	
Other Revenues	0	2,317	2,317		0	0	0	
Total revenues	68,500	72,788	4,288		38,500	49,162	10,662	
EXPENDITURES								
Legislative	9,200	8,480	720		0	0	0	
General Government	39,500	37,509	1,991		0	0	0	
Public Safety	4,700	4,661	39		0	0	0	
Public Works	9,500	8,702	798		42,700	34,484	8,216	
Recreation and Cultural	6,500	6,382	118		0	0	0	
Other Functions	13,600	11,340	2,260		0	0	0	
Total expenditures	83,000	77,074	5,926		42,700	34,484	8,216	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,500)	(4,286)	10,214		(4,200)	14,678	18,878	
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	4,500	4,500	0		0	0	0	
Operating Transfers Out	0	0	0		(4,800)	(4,500)	300	
Total other financing sources (uses)	4,500	4,500	0		(4,800)	(4,500)	300	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,000)	214	10,214		(9,000)	10,178	19,178	
FUND BALANCE - April 1, 2003	179,518	179,518	0		267,795	267,795	0	
FUND BALANCE - March 31, 2004	\$ 169,518	\$ 179,732	\$ 10,214		\$ 258,795	\$ 277,973	\$ 19,178	

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Village of Mecosta – Mecosta County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Mecosta. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of Presentation

The accounts of the Village are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of the Village of Mecosta, are recorded in separate funds and account groups categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operations of: (1) general local unit governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds

These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the Village are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

Village of Mecosta – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement No. 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Budgetary Data

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the board meeting in March, the President submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted at the Village Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. Budget appropriations lapse at year-end except for approved contracts and certain federal grants which are appropriated on a contract (grant) or entitlement-length basis.

Current Taxes

The Village of Mecosta property tax is levied on each July 1st on the State taxable valuation of property located in the Village of Mecosta as of the preceding December 31st.

Although the Village of Mecosta 2003 ad valorem tax is levied and collectible on July 1, 2003, it is the Village of Mecosta's policy to recognize revenue from the current tax levy.

The 2003 State taxable valuation of Village of Mecosta totaled \$4,275,487, on which ad valorem taxes levied consisted of 6.0000 mills for Village of Mecosta operating purposes. These amounts are recognized in the General Fund.

Village of Mecosta – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Total Column on Combined Statements – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

NOTE B – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets and Liabilities

1. Changes in General Fixed Assets

	Balance 4/1/2003	Additions	Deletions	Balance 3/31/2004
Land	\$ 6,410	\$ 0	\$ 0	\$ 6,410
Land Improvements	1,752	0	0	1,752
Buildings	33,440	0	0	33,440
Furniture and Equipment	32,731	5,735	0	38,466
	<u>\$ 74,333</u>	<u>\$ 5,735</u>	<u>\$ 0</u>	<u>\$ 80,068</u>

2. Pension Plan

The Village maintains a pension plan with the Manufacturers Life Insurance Company which covers all employees. Employees are required to contribute one-quarter of the current service premium, and the Village contributes the remaining three-quarters. Employees are 100% vested after twenty months of participation in the plan.

The total cost of pension premiums to the Village for the year ended March 31, 2004 was \$4,556.

NOTE C – BALANCE SHEET – CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of the Village of Mecosta. Michigan Compiled Laws, Section 129.91, authorizes the Village of Mecosta to deposit and invest in the accounts of Federally-insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated with the three highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase and which involve not more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village of Mecosta deposits are in accordance with statutory authority.

Village of Mecosta – Mecosta County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

NOTE C – BALANCE SHEET – CASH AND INVESTMENTS – Continued

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

	<u>Bank Balance</u>	
	<u>Deposits</u>	<u>Primary Government</u>
Insured (FDIC)	\$	200,000
Uninsured		258,091
	\$	<u>458,091</u>

At year end, the balance sheet carrying amount of deposits was \$457,533.

NOTE D – RISK FINANCING

The Village of Mecosta is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from third parties. Settled claims for these risks have not exceeded insurance coverage for the past two years.

***COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS***

Village of Mecosta – Mecosta County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes			
Current property tax	\$ 24,000	\$ 25,907	\$ 1,907
State Grants			
State shared revenue	39,000	39,406	406
Charges for Sales			
Cemetery lot sales	2,500	2,750	250
Interest and Rents			
Interest earned	3,000	2,408	(592)
Other Revenues			
Other	0	2,317	2,317
Total revenues	<u>68,500</u>	<u>72,788</u>	<u>4,288</u>
EXPENDITURES			
Legislative			
Village council	9,200	8,480	720
General Government			
President	1,500	1,200	300
Elections	1,500	1,478	22
Clerk	4,900	4,834	66
Treasurer	3,900	3,728	172
Building and grounds	21,200	19,924	1,276
Cemetery	2,000	1,871	129
Other village property - airport	4,500	4,474	26
Total general government	<u>39,500</u>	<u>37,509</u>	<u>1,991</u>
Public Safety			
Planning and zoning	4,700	4,661	39
Public Works			
Highways and streets	1,500	1,200	300
Street lighting	8,000	7,502	498
Total public works	<u>9,500</u>	<u>8,702</u>	<u>798</u>

Village of Mecosta – Mecosta County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual- Continued
For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Recreation and Cultural Parks	6,500	6,382	118
Other Functions			
Insurance and bonds	6,700	6,106	594
Unit's share of retirement	6,100	4,556	1,544
Unit's share of medicare tax	800	678	122
Total other functions	13,600	11,340	2,260
Total expenditures	83,000	77,074	5,926
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,500)	(4,286)	10,214
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	4,500	4,500	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,000)	214	10,214
FUND BALANCE - April 1, 2003	179,518	179,518	0
FUND BALANCE - March 31, 2004	\$ 169,518	\$ 179,732	\$ 10,214

Village of Mecosta – Mecosta County, Michigan

Special Revenue Funds

Combining Balance Sheet

March 31, 2004

	Major <u>Street</u>	Local <u>Street</u>	Totals (Memorandum <u>Only</u>)
ASSETS			
Cash in Bank	\$ 160.621	\$ 117.352	\$ 277.973
LIABILITIES AND FUND EQUITY			
Fund Balance	\$ 160.621	\$ 117.352	\$ 277.973

Village of Mecosta – Mecosta County, Michigan

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual

For the Year Ended March 31, 2004

	Major Street Fund			Local Street Fund			Totals (Memorandum Only)		
			Variance			Variance			Variance
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
REVENUES									
State Grants									
State shared revenue	\$ 22,000	\$ 29,063	\$ 7,063	\$ 13,000	\$ 17,165	\$ 4,165	\$ 35,000	\$ 46,228	\$ 11,228
Interest and Rents									
Interest earned	2,000	1,621	(379)	1,500	1,313	(187)	3,500	2,934	(566)
Total revenues	24,000	30,684	6,684	14,500	18,478	3,978	38,500	49,162	10,662
EXPENDITURES									
Public Works									
Highways and streets									
Routine maintenance	8,500	3,278	5,222	16,800	16,087	713	25,300	19,365	5,935
Winter maintenance	9,500	8,786	714	4,550	4,535	15	14,050	13,321	729
Traffic services	1,000	360	640	350	308	42	1,350	668	682
Roadside parks	2,000	1,130	870	0	0	0	2,000	1,130	870
Total expenditures	21,000	13,554	7,446	21,700	20,930	770	42,700	34,484	8,216
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,000	17,130	14,130	(7,200)	(2,452)	4,748	(4,200)	14,678	18,878
OTHER FINANCING SOURCES (USES)									
Operating Transfers In	0	0	0	0	0	0	0	0	0
Operating Transfers Out	(3,000)	(2,850)	150	(1,800)	(1,650)	150	(4,800)	(4,500)	300
Total other financing sources (uses)	(3,000)	(2,850)	150	(1,800)	(1,650)	150	(4,800)	(4,500)	300
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	14,280	14,280	(9,000)	(4,102)	4,898	(9,000)	10,178	19,178
FUND BALANCE - April 1, 2003	146,341	146,341	0	121,454	121,454	0	267,795	267,795	0
FUND BALANCE - March 31, 2004	\$ 146,341	\$ 160,621	\$ 14,280	\$ 112,454	\$ 117,352	\$ 4,898	\$ 258,795	\$ 277,973	\$ 19,178

SUPPLEMENTARY FINANCIAL DATA

Village of Mecosta – Mecosta County, Michigan

General Fund

Detail Schedule of Actual Expenditures

For the Year Ended March 31, 2004

LEGISLATIVE

Village Council	
Salaries and wages	\$ 5,560
Contracted services	2,526
Community promotion	250
Miscellaneous	144
Total legislative	<u>\$ 8,480</u>

GENERAL GOVERNMENT

President	
Salaries and wages	\$ 1,200
Elections	
Salaries and wages	1,099
Supplies	277
Miscellaneous	102
Total elections	<u>1,478</u>
Clerk	
Salaries and wages	2,400
Supplies	285
Communications	1,073
Transportation	368
Miscellaneous	708
Total clerk	<u>4,834</u>
Treasurer	
Salaries and wages	1,821
Supplies	763
Miscellaneous	1,144
Total treasurer	<u>3,728</u>
Building and Grounds	
Salaries and wages	3,270
Public utilities	1,757
Repair and maintenance	13,888
Miscellaneous	1,009
Total building and grounds	<u>19,924</u>
Cemetery	
Salaries and wages	1,718
Public utilities	84
Repair and maintenance	69
Total cemetery	<u>1,871</u>

Village of Mecosta – Mecosta County, Michigan

General Fund

Detail Schedule of Actual Expenditures – Continued

For the Year Ended March 31, 2004

Other Village Property - Airport	
Salaries and wages	1,155
Insurance	1,600
Repair and maintenance	1,719
Total other village property - airport	<u>4,474</u>
Total general government	<u>\$ 37,509</u>

PUBLIC SAFETY

Planning and Zoning	
Salaries and wages	\$ 4,053
Miscellaneous	608
Total public safety	<u>\$ 4,661</u>

PUBLIC WORKS

Highways and Streets	
Salaries and wages	\$ 1,200
Street Lighting	
Public utilities	7,502
Total public works	<u>\$ 8,702</u>

RECREATION AND CULTURAL

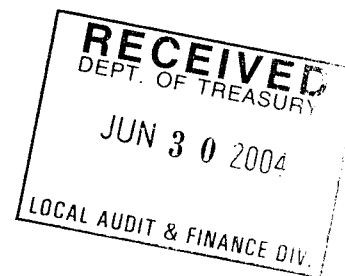
Parks	
Salaries and wages	\$ 198
Public utilities	316
Repairs and maintenance	133
Capital outlay	5,735
Total recreational and cultural	<u>\$ 6,382</u>

OTHER FUNCTIONS

Insurance and Bonds	
Insurance	\$ 6,106
Unit's Share of Retirement	
Contribution to pension plan	4,556
Unit's Share of Medicare Tax	
Medicare tax	678
Total other functions	<u>\$ 11,340</u>

TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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May 20, 2004

Members of the Village Council
Village of Mecosta
Mecosta County, MI

I recently completed my audit of the general purpose financial statements of the Village of Mecosta for the year ended March 31, 2004. During the audit, I had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Village. Based upon these tests and observations, there are several matters that I specifically want to call to your attention.

BANK RECONCILIATIONS

The Village Clerk and Treasurer both should be preparing a bank reconciliation every month to make certain that their respective bank accounts agree with their books. If this is done monthly, it is much easier to find problems as they occur rather than waiting until the end of the year and then having to look throughout the entire year for the problem.

This would have discovered that the Major and Local Street checks from February had not yet made it to the Bank. It is especially imperative that the Clerk discover any error of this type, if and when, it pops up.

DELINQUENT PERSONAL PROPERTY TAXES

There was a significant increase in the amount of delinquent personal property taxes this year. It is essential that the Treasurer follow the appropriate steps to collect these taxes. Not following the proper steps will make it nearly impossible to collect. If the Treasurer does not follow up with collection, the word may get around the Village and more businesses will quit paying their personal property taxes.

OTHER MATTERS

I have enjoyed working with your staff. Their competence and assistance were instrumental in my timely completion of the audit.

Two copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact me.

Terry Kirkpatrick, CPA, P.C.